



03002607

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

VF-2-19-03

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	September 30, 1998
Estimated average burden hours per response	12.00

SEC FILE NUMBER
8- 52046

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/2002 AND ENDING 12/31/2002
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

STIPEK SECURITIES LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

12551 WELBE DRIVE

(No. and Street)

SANTA ANA, CA 92705

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

LESLIE C STIPEK

(714) 630-0436

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

ROWLAND, GERARD R

(Name -- if individual, state last, first, middle name)

2192 DUPONT DRIVE, SUITE 208, IRVINE, CA 92612

(Address)

(City)

(State)

Zip Code

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

PROCESSED
MAR 05 2003
THOMSON
FINANCIAL

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

OATH OR AFFIRMATION

I, LESLIE C STIPEK, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of STIPEK SECURITIES, LLC, as of DECEMBER 31, 2002, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Kerri L Cohen
Notary Public

[Signature]
Signature
President
Title

This report** contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

Stipek Securities, LLC

FINANCIAL STATEMENTS
Including the
Independent Auditor's Report
and Supplemental Information
for the year ended

DECEMBER 31, 2002

Stipek Securities, LLC

DECEMBER 31, 2002

CONTENTS

	<u>Page</u>
AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Condition	2
Statement of Income and Proprietors' Capital	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 6
Supplemental Information	
Independent Auditor's Report on Internal Control as Required by Section Rule 17a-5	7
Non Required Information	
Computation of Net Equity as per Rule 15c3-1	9
Reconciliation of Net Equity to the Focus Report of as per Rule 17a-5 (d)(4)	10

Gerard R Rowland, CPA

2192 Dupont Drive, Suite 208, Irvine, CA 92612

AUDITOR'S REPORT

Stockholders and Board of Directors
Stipek Securities, LLC

I have audited the accompanying Statement of Financial Condition of Stipek Securities, LLC as of December 31, 2001 and December 31, 2002, and the Statements of Operations and Stockholder's Equity, proprietors' capital and the Statement of Cash Flows for the years then ended. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, such financial statements present fairly, in all material respects, the financial position of Stipek Securities, LLC as of December 31, 2001 and December 31, 2002, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Irvine, California
January 14, 2003

Stipek Securities, LLC

STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2002

	<u>2002</u>	<u>2001</u>
ASSETS		
Cash	\$ 25,824	\$ 25,440
Commissions receivable	<u>4,823</u>	<u>7,679</u>
	<u>\$ 30,647</u>	<u>\$ 33,119</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 4,847	\$ 7,319
Income taxes payable	<u>800</u>	<u>800</u>
	<u>5,647</u>	<u>8,119</u>
Commitments and contingent liabilities		
PROPRIETORS' CAPITAL		
PROPRIETORS' CAPITAL	<u>25,000</u>	<u>25,000</u>
	<u>\$ 30,647</u>	<u>\$ 33,119</u>

See accountant's report and notes to financial statements

Stipek Securities, LLC

STATEMENT OF INCOME AND PROPRIETORS' CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2002

REVENUES	<u>2002</u>	<u>2001</u>
Securities commissions	\$ 63,809	\$ 156,626
Interest and dividends	241	485
Other income	<u>184</u>	<u>439</u>
	<u>64,234</u>	<u>157,550</u>
EXPENSES		
Office expenses	60,934	154,280
Professional fees	<u>2,500</u>	<u>2,470</u>
	<u>63,434</u>	<u>156,750</u>
INCOME BEFORE INCOME TAXES	800	800
PROVISION FOR INCOME TAXES		
Current Income Taxes	<u>800</u>	<u>800</u>
NET INCOME	\$ <u>0</u>	\$ <u>0</u>
PROPRIETORS' CAPITAL, beginning of year	<u>25,000</u>	<u>25,000</u>
PROPRIETORS' CAPITAL, end of year	\$ <u>25,000</u>	\$ <u>25,000</u>

See accountant's report and notes to financial statements

Stipek Securities, LLC

STATEMENT OF CASH FLOWS December 31, 2002

	<u>2002</u>	<u>2001</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in assets and liabilities:		
Decrease (increase) in deposits with clearing organizations	\$ 2,856	\$ 6,177
Increase (decrease) in accounts payable and accrued expenses	<u>(2,472)</u>	<u>(6,303)</u>
Total adjustments	<u>384</u>	<u>(126)</u>
Net cash provided by operating activities	<u>384</u>	<u>(126)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
INCREASE (DECREASE) IN CASH	\$ 384	\$ (126)
CASH, beginning of year	<u>25,440</u>	<u>25,566</u>
CASH, end of year	<u><u>\$ 25,824</u></u>	<u><u>\$ 25,440</u></u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Income tax	800	800

See accountant's report and notes to financial statements

Stipek Securities, LLC

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

Note 1- Business Activity

Stipek Securities, LLC (the Company) is a California Limited Liability Company, which filed its Articles of Organization on October 12 1999, and adopted a calendar year end. The "Company" was formed for the sale financial products and other related activities. The company is registered as a broker/dealer pursuant to section 15(b) of the Securities Exchange Act of 1934. The Company does not perform any securities transactions and accordingly, is exempt from Rule 15c3-3 of the Securities and Exchange Commission under Paragraph (k)(3)(ii).

Note 2-Summary of Significant Accounting Policies

The Company's accounting records are maintained on a modified cash basis, however, the accompanying financial statements are presented on the accrual basis in accordance with generally accepted accounting principles whereby all income is recognized when earned, and expenses are recognized when incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expense during the reporting period. Accordingly, actual results could differ from those estimates.

Note 3- Statement of Cash Flows

The Company adopted cash flows reporting as required in Statement of Financial Accounting Standards No. 95. This statement established standards for providing a Statement of Cash Flows. For purposes of the Statement of Cash Flows, the Company considers Cash in the bank to include Treasury Bills and cash in the savings account.

Note 4- Furniture and Computer Equipment

The company has no furniture or equipment on its books.

Note 5- Net Equity Requirements

Under Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to have and maintain net equity (as defined) of not less than \$ 5,000. At December 31, 2002, the Company had excess Net Equity of \$20,000.

Stipek Securities, LLC

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

Note 6- Commitments and Contingencies

The company leases no office space and signed no lease agreements and has no commitments or contingencies.

Note 7-Income Taxes

The Company has adopted Statement of Financial Standards No. 109 ("SFAS 109"), Accounting for Income Taxes. SFAS 109 is an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events recognized in the Company's financial statements in different periods from the tax returns. In estimating future tax consequences SFAS 109 generally considers all expected future events other than enactment of changes in the law or rates. The Company files its income tax returns on the cash basis, which permits the deferral of income and expenses received or paid. Deferred income taxes of \$0 relating principally to timing differences in the recognition of income and expenses on a cash basis for tax purposes and on an accrual basis for financial reporting purposes are included in the balance sheet.

Note 8- Related Party Transactions

Stipek Financial Services, LLC is under the same ownership and management control as the Company. During the year ending December 31, 2002 there were related party transactions of \$63,434 in professional fees paid to Stipek Financial Services, LLC by the Company.

Stipek Securities, LLC

Independent Auditor's Report on Internal Accounting Control Required by Rule 17a-5 of the Securities and Exchange Commission

The Board of Directors
Stipek Securities, LLC
Santa Ana, CA

In planning and performing my audit of the consolidated financial statements of Stipek Securities, LLC for the years ended December 31, 2001 and December 31, 2002, I have considered its internal control, including control activities for safeguarding securities, in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), I made a study of the practices and procedures followed by Stipek Securities, LLC that I considered relevant to the objectives stated in Rule 17a-5(g)(1), in the making of the periodic computations of aggregate indebtedness and net equity under Rule 17a-3(a)(11) and the procedures for determining In planning and performing my audit of the consolidated financial statements of Stipek Securities, LLC for the years ended December 31, 2001 and December 31, 2002, I have considered its internal control, including control activities for safeguarding securities, in order to determine my auditing procedures for the purpose of expressing my opinion on the consolidated financial statements and not to provide assurance on the internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), I made a study of the practices and procedures followed by Stipek Securities, LLC that I considered relevant to the objectives stated in Rule 17a-5(g)(1), in the making of the periodic computations of compliance with the exemptive provision of SEC Rule 15c3-3. Due to the nature of this business, the Company is exempt from SEC Rule 15c3-3 and various other SEC rules and regulations. As of December 31, 2002, the Company was in compliance with the conditions of its exemption from SEC Rule 15c3-3, and no facts came to my attention during the audit that indicated such conditions had not been complied with during the year. I did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications, comparisons and recordation of differences required for payment for securities of Section 7 of Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry securities accounts for customers nor perform custodial functions relating to customer's securities.

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls, and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Stipek Securities, LLC

The Board of Directors
Stipek Securities, LLC
Page 2

Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate. Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2002, to meet the Commission's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and should not be used for any other purpose.



January 14, 2003
Irvine, CA

Stipek Securities, LLC

Computation of Net Capital Under Rule 15c-3-1 of the Securities and Exchange Commission December 31, 2002

	<u>2002</u>	<u>2001</u>
Net Capital		
Stockholder's equity	\$ 25,000	\$ 25,000
Less non allowable assets:		
Net Capital	<u>25,000</u>	<u>25,000</u>
 Aggregated Indebtedness		
Accounts payable, accrued liabilities	5,647	8,119
Total Aggregated indebtedness	<u>5,647</u>	<u>8,119</u>
 Minimum Net Equity Requirement	5,000	5,000
 Net Equity Adjusted, as detailed above	25,000	25,000
 Net Equity in Excess of Requirement	\$ <u>20,000</u>	\$ <u>20,000</u>
 Ratio of aggregated indebtedness to net equity	22.59 %	32.48 %

See accountant's report and notes to financial statements

Stipek Securities, LLC

Reconciliation Pursuant to Rule 17a-5(d)(4)

	<u>2002</u>	<u>2001</u>
Net Capital, as reported in Company's Part II (unaudited) FOCUS report	\$ <u>25,000</u>	\$ <u>25,000</u>
Audit Adjustments:		
Audited computation of Net Equity	\$ <u>25,000</u>	\$ <u>25,000</u>

See accountant's report and notes to financial statements